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AZ CORP COMMISSION
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Anthony Palma
7434 N. Viewscape Drive
Prescott Valley, AZ 86314
(928)772-6339

February 8, 2004

Arizona Corporation Commission Utilities Division
Attn: Jeff Hatch-Miller
1200 W. Washington
Phoenix, AZ 85007

G-01032E-03-0515
DEC # 66341

Dear Mr. Hatch-Miller:

Enclosed are copies of two bills – one from "Citizens" and the other from "Unisource Energy". Both cover the time period from December 4/5 to January 7/8th. One is from the year 2003 the other from year 2004. This letter is written to ask what has happened to the regulatory system? From all the information given Unisource's increases were to be an average of 21%. Considering "cost of living" increases I would say even 21% was excessive.

Please note below how far this rate increase really went:

See "basic cost of service": Using "Citizens 2003 rate" with my higher usage - 166 @ .4414000 = \$73.27 x 21% (\$15.38) = \$88.65 verses "Unisource 2004 rate" 166 @ .7004000 = 116.27. Please explain the difference of \$27.62? With this additional charge, also comes the higher PGA cost/surcharge (another increase), sales taxes, fees, all based on the higher amount.

We are senior citizens. Our thermostat is 70 degrees during the day and 60 at night. I would not consider this excessive. I do however consider "Unisource's" charges excessive. How long do you think senior citizens or families can afford these charges?

Sincerely,

Anthony J. Palma

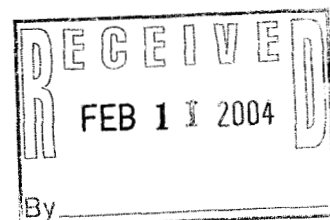
cc: Kris Mayes

Arizona Corporation Commission

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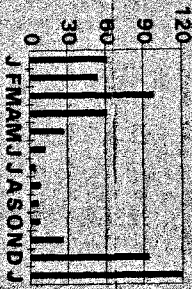
Anthony Palma
 Service Location:
 7434 N VIEWSCAPE DR

Page 2
 Account No. 3478922

**Gas
 Service
 Detail**

Meter	Rate Code	Number of Days	Reading Type	Current Reading Date	Current Meter Reading	Prior Reading Date	Prior Meter Reading	Metered CCF Used	Billing Factor	Billed Usage	Purchased Gas Adjustment
772244A	R-10	34	Actual	01/08/03	689	12/05/02	550	139	.8549	119	.11740

Historical Usage



Customer Charge..... \$5.00
 Gas Usage..... 166 @ 119 = \$19.70
 PGA Cost..... \$13.97
 State Sales Tax..... \$4.00
 City Sales Tax..... \$1.67
 County Sales Tax..... \$0.50
 Franchise Tax..... \$1.43
 RUCC Fee..... \$0.03
 AZ Corporation Commission Fee..... \$0.12

TOTAL CURRENT CHARGES - Gas Service \$79.25

Definitions

Billing Factor: A combination of the therm conversion factor and the meter correction factor. The therm conversion factor is derived from the heat content value of natural gas being delivered by elevation. The meter correction factor is used to obtain the corrected volume for a meter receiving a delivery pressure in excess of the standard 4 ounces delivery pressure.

Billed Usage: Reflects the actual energy content of the gas consumed by the customer during the billing period. The customer is billed in terms instead of cubic feet of gas because the amount of energy (heat content) in natural gas varies.

PGA (Purchased Gas Adjustment): Monthly adjustment for changes in the cost of natural gas based upon a rolling twelve month average plus any applicable surcharge.

Customer Charge: The amount paid for the availability of gas service, excluding any gas used.

Citizens Arizona Gas is regulated by the Arizona Corporation Commission Utilities Division, 1200 W Washington, Phoenix AZ 85007. If a customer is unable to resolve with Citizens Arizona Gas any billing or service dispute, the customer may contact the Arizona Corporation Commission Utilities Division at the above address or by calling 1-800-222-7000.

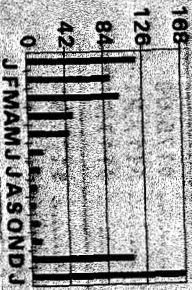
Anthony Palma

7434 N. Viewscope Dr
Prescott Valley, AZ 86314

Account #
34789 22

Meter	Rate Code	Number of Days	Reading Type	Current Reading Date	Current Meter Reading	Prior Reading Date	Prior Meter Reading	Metered CCF Used	Billing Factor	Billed Usage	Purchased Gas Adjustment
772244A	R-10	34	Actual	01/07/04	1412	12/04/03	1218	194	.8537	166	.10430

Historical Usage



Customer Charge \$7.00
 Basic Cost of Service \$116.27
 Basic Cost \$17.31
 PGA Surcharge \$17.79
 State Sales Tax \$8.87
 City Sales Tax \$3.68
 County Sales Tax \$1.18
 Franchise Tax \$3.18
 RUCO Fee \$0.07
 AZ Corporation Commission Fee \$0.31

TOTAL CURRENT CHARGES - GAS SERVICE \$175.66

Definitions

Billing Factor: A combination of the therm conversion factor and the meter correction factor. The therm conversion factor is derived from the heat content value of natural gas being delivered by elevation. The meter correction factor is used to obtain the corrected volume for a meter receiving a delivery pressure in excess of the standard 4 ounces delivery pressure.

Billed Usage: Reflects the actual energy content of the gas consumed by the customer during the billing period. The customer is billed in terms instead of cubic feet of gas because the amount of energy (heat content) in natural gas varies.

Customer Charge: The amount paid for the availability of gas service, excluding any gas used.

Basic Cost of Service: The basic cost of service rate applied to the number of therms.

PGA (Purchased Gas Adjustment) Cost: Monthly adjustment for changes in the cost of natural gas based upon a rolling twelve month average.

PGA (Purchased Gas Adjustment) Surcharge: Additional charge or credit approved by the Arizona Corporation Commission to collect (under) or return (over) balance of natural gas cost.

UnSource Energy Services is regulated by the Arizona Corporation Commission Utilities Division, 1200 W Washington, Phoenix, AZ 85007. If a customer is unable to resolve with UnSource Energy Services any billing or service dispute, the customer may contact the Arizona Corporation Commission Utilities Division at the above address or by calling 1-800-222-7000.

UnSource